

Workgroup Terms of Reference

Modification 0383 – Profiling payment of LDZ transportation charges

Workgroup Report to Panel Meeting: 15 September 2011

Date referred from Panel: 19 May 2011

Background – Why Change?

See <http://www.gasgovernance.co.uk/0383>

Solution

It is proposed that Shippers which meet certain criteria be permitted to profile the payment of invoices across a year, with the intention of clearing all outstanding amounts by the end of each Winter period.

The intention is for the facility to profile payments to be available to smaller Shippers only, and to be restricted to those who primarily supply the SSP market. It is therefore proposed that only Shippers supplying less than 500,000 meter points would be eligible to take advantage of the option to profile payments. An available profile would be calculated by the Transporters based on the proportion of annual demand anticipated in each month based on the demand estimation process for domestic customers. Any Shipper wishing to take advantage of the profiling option would be required to propose monthly payments and demonstrate, to the Transporter's satisfaction, that the profile of payments lies between the unadjusted level and that implied by the profile described above. In addition, the Shipper would be required to demonstrate an expectation that the proposed payment profile would be in line with its own expected demand profile.

Topics for Discussion

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- Understanding the objective
- Review the definitions within the modification
- Clarify how the profile process will work
- Review impacts on Credit Arrangements
- Consider potential impacts on EBCC Rules
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the modification
- Assessment of implementation costs
- Assessment of legal text

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup.

Composition of Workgroup

This Workgroup will be open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice